



Mayor's Local Brewery Workgroup Report



2014

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Participants:

Roger Baylor of New Albanian Brewing Company, Sam Cruz of Against the Grain Brewery, Brian Holton & Ian Luijk of Beer Engine, Leah Dienes of Apocalypse Brew Works, Denise Ingle & Chris Casconi of Falls City Brewing, Phillip Dearner of Bluegrass Brewing Company, Nick Landers of Gordon Biersch, Jessica Dillree of the Convention and Visitors Bureau, John King of the Kentucky Guild of Brewers, Kevin Gibson of Insider Louisville, Chris Poynter, Phil Miller, and Mike Maloney of the Mayors Office.

Introduction

Beer's heritage in Louisville is long and rich, but largely forgotten. Between 1978-1992, there were no commercial brewers in the city. However, the appreciation for beer never waned, leading to the rise of local microbreweries in the early 1990s.

Today, "craft brewing," as it has become known, is a national trend, one that has found a home right here in Louisville. For the first time since the late 1800s, brewing is actually growing in Louisville – by leaps and bounds, no less. Several breweries are in the process of opening, while Against the Grain Brewery and Smokehouse has expanded into 38 states and Western Europe, leading to the announcement of a \$1.7 million expansion this year.

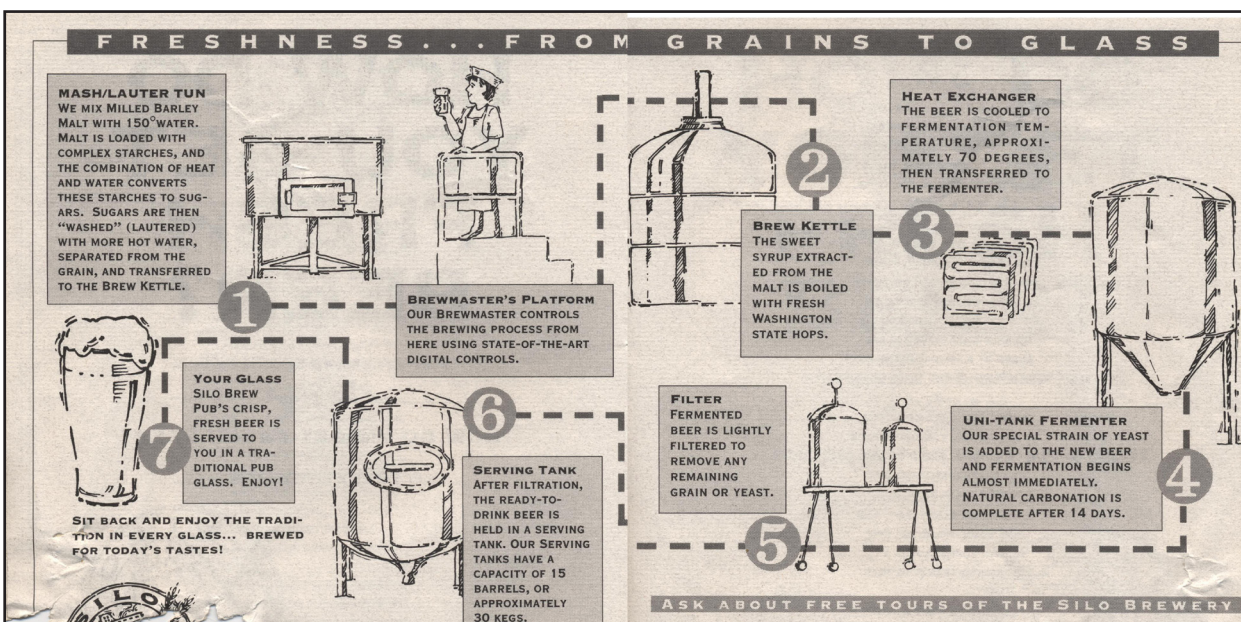
Currently, the Louisville Metro area is home to nine breweries producing beer: Against the Grain Brewery, Apocalypse Brew Works, Bluegrass Brewing Company (Taproom & Production), Bluegrass Brewing Company, Cumberland Brewery, Falls City Brewing Company, Gordon Biersch, Great Flood Brewing Company, and New Albanian Brewing Company. Many new breweries like Beer Engine, Red Yeti, and Akasha Brewing expect to open their doors within the next year, with even more new breweries to follow within the next few years.

Numbers reported at the Craft Brewers Conference in April 2014 show that craft beer sales rose by 18 percent nationally in 2013; overall beer sales actually fell by 2 percent, illustrating the momentum craft brewing currently possesses.

In addition, the increase in production in 2013 over 2012 was 2.3 million barrels. The number of craft breweries in the U.S. is at an all-time high – and by a wide margin – at more than 3,000, with more than 400 opening in 2013. But this may be the most important number to watch: More than 1,500 craft breweries are currently in the process or planning stages of opening. Louisville is part of it all.

Mayor Greg Fischer, hoping to promote Louisville's brewing community both within the city and to customers globally, recently convened the Mayor's Brewery Work Group, comprised of local brewers, brewery representatives and beer aficionados. The Work Group met for much of the summer of 2014 and came away with five key recommendations:

1. Develop an official beer trail/beer map/website/video combination to help promote all local breweries and offer both residents and visitors information on what sets the breweries apart, where they are located, and offer virtual and printed maps that can be seen/distributed at the breweries and other places around town. A bike trail would also be developed with local artists and breweries creating bike racks in front of each brewery.
2. Change Alcohol Beverage Control laws to be more beer friendly. Currently, it is a difficult and winding process to open a brewery, and with the brewing community growing in Louisville and around the state, breweries feel the process should be more intuitive and organized. In addition, it remains difficult for breweries to hold special events, conduct tastings and other promotional activities.
3. Represent local breweries and their products in more city events, functions and venues. Since alcoholic beverages must run through distributors as part of the post-Prohibition three-tier system, it can be difficult for smaller, local breweries to be represented at large events. The goal is to bring down the walls that have blocked local breweries so they can be represented, specifically in city-affiliated events and venues.
4. Create a bourbon-barrel event that will be recognized nationally or internationally. Bourbon is a natural draw, which makes bourbon barrel-aged beer a logical and national way to represent Louisville's brewing community. Growing such an event not only promotes beer hand-in-hand with the state's signature spirit, it also draws attention from around the U.S. that Louisville is, indeed, a worthy beer destination as well as a bourbon and dining destination.
5. Reconnect Louisville with its brewing heritage. Many in the city are unaware of the rich history of brewing in Louisville, and the rich heritage in beer culture in general. Louisville was once not just a thriving brewing hub, but also filled with lush, German beer gardens and beer celebrations that can and should be revived today to help promote local brewing culture.



Beer Map/Trail/Website Proposal

Recommendations

The Mayor's beer work group recommends creating both a physical and an online "beer trail" map available to both citizens and visitors. There will be three types of maps available: an online map, large maps to be placed in the Louisville Convention & Visitors Bureau and each brewery, and a map in the Louisville Metro brewery brochure. This brochure can be offered at the breweries, the Louisville Visitors Center and the Louisville Information booth that is used at large conventions.

With the city becoming more bike-friendly, it is also our goal for this map to include a bike trail for individuals to cycle from brewery to brewery. These would be self-guided tours or led by a volunteer utilizing some of the recently added bike lines. Breweries would also work with local artists to create and develop bike racks in front of each brewery.

The Kentucky Guild of Brewers will work in conjunction with the CVB to design and print a Beer Trail Map which visitors and locals can use to discover the Louisville area's craft breweries. Additionally, the KGB will create an event specific Beer Trail Passport to encourage people to visit multiple breweries during Louisville Craft Beer Week. The Louisville CVB will cross-promote the Louisville Craft Beer Trail with the Urban Bourbon Trail when possible through earned media and a mention of the Craft Beer Trail connection in the UBT Passport (new passports to be issued in June 2015).

Lastly, once the previous three are in place, it would be beneficial to schedule a trolley "hop" which would bring patrons to and from Louisville Metro breweries. The trolley would be a tour format — or a trolley format similar to that of the city's Friday Trolley Hop events. These types of tours have been very popular in similar cities.

Details concerning Recommendations

There will be three types of beer trail maps available. The first is a large-scale map that would be framed and hung in the CVB and each Louisville Metro brewery. Each map would include an attachable brewery logo,

address, and website for each brewery. With constantly new breweries in the works, it makes sense to have attachable logos rather than printing new maps each time. On this map would be a QR code that brings up the Virtual Map on patrons smart phones.

The online map would be very similar to the printed map but in a virtual format. When you click on each brewery logo, you have the option to watch a short video about the brewery, go to their website or get directions. These short (one- to two-minute) videos would be created by each brewery. The video should be as uniform as possible and entertaining. The Kentucky Guild of Brewers updates to the CVB regarding events, new breweries, etc.

The third type of format would be a brochure that would include a map and information about each brewery. These would be at each brewery and also at the CVB.

The map would also include a bike trail that would show the most feasible and biker-friendly routes from brewery to brewery. The bike trail would be shown on all map variations. Patrons could bring their own bikes or rent them from a non-profit bike repair co-op for a small fee. The fee would go towards supporting the co-op. Tours could be self-guided or led on a volunteer basis.

Breweries and local artists will work together to create bike racks which best represent each brewery and the brewing process. Each brewery along the bike trail will have one of these specific bike racks.

The KGB will create a limited edition passport to enhance the experience of Louisville Craft Beer Week in 2015. As this event already attracts the craft beer enthusiasts in the region — it's a great way to bring exposure to the Craft Beer Trail/Map and encourage patrons to visit each of Louisville's breweries. This passport could be valid for one month after Craft Beer Week to give people more time to try different breweries and at the end of that period they would drop off their completed passports with contact information to receive their prize — a custom Louisville Beer Trail pint glass.

Lastly, if the above are accomplished, it is our plan to eventually create a brewery-themed trolley “hop”. It would happen every weekend and would include a stop at three to four different breweries. It would be a trolley format where the trolley consistently stops at the specific breweries or a tour format with an hour at each brewery. If a tour format, a representative of Louisvillebeer.com would be the “guide” to the beer stops. The guide would discuss the brewery, their beers, and the history of the Louisville brewing industry.

Who owns it?

The Kentucky Guild of Brewers/Louisville Metro Breweries is the primary owner and assistance will be needed from the Mayor’s Office and the CVB. The CVB will be responsible for map design, printing/distributing brochures, promotion of the program through websites, the visitors center, and providing material to

city concierge booths at large conventions. The KGB will be responsible for communicating any new breweries, promotion, any brewery changes or information needed, and any scheduling updates for the beer tours.

Suggested timetable

August/September: Planning phase and meetings regarding the beer trail maps.

October: Creation of virtual beer trail map and paper documents. Outline the bike trail on the roads. Provide signage for the beer trail. Place beer maps in breweries.

November/December: Inaugural bike trail excursion.

Spring 2015: First trolley hop. Beer Trail information in the 2015 Urban Bourbon Trail Passport.



Louisville Metro Breweries in Local City Owned Venues

The Work Group recommends that more local breweries and their products be included in city-sponsored events and at city-owned venues. Louisville Metro breweries would like the opportunity to sell beer at events and venues like Waterfront Wednesday, Slugger Field, and Iroquois Park. Louisville Metro breweries would like to be included in city-sponsored events or festivals such as Hike, Bike, and Paddle and Worldfest.



Details for Recommendations

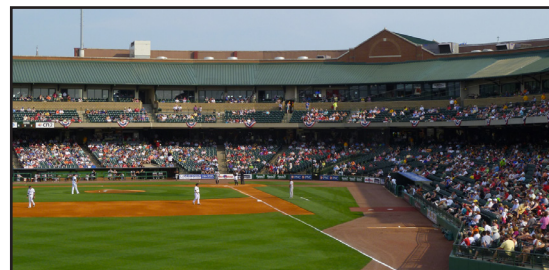
Metro Louisville government understands the critical importance of the local economy in a sustainable future, as well as the key position that locally generated food and drink businesses occupy in the city's outreach, whether within the community itself, or directed toward visitors from elsewhere. Alongside urban bourbon heritage and an explosion in innovative dining, Louisville's breweries serve as exemplars of this new economy.

Aspects of pre-existing "older" economic systems sometimes must be modified to fit new and evolving realities. As an example, it has remained the case that customary concessions practices in venues for sports and music have evolved from the three-tier alcoholic beverage distribution system at state and federal levels, and to a certain degree, reflect private commercial matters between concessionaires and wholesalers.

And yet, there is nothing fundamentally "Louisville" about concessions choices emanating solely from contractual arrangements that the general public

never sees. For native and tourist alike, viewing a baseball game at a venue such as Louisville Slugger Field should include Louisville products and beers. Metro Louisville government should seek to be a positive force in requiring or strongly encouraging their venues to serve local beers as part of their concessions.

Metro Louisville government supports the creation of branded, destination concessions areas unique to the venues its taxpayers have financed. It works to educate



concessionaires as to the benefits of a contemporary local economy as it pertains to beer and brewing, safe in the knowledge that profit margins for handcrafted beers can be equal to or greater than those for products supplied by multinational breweries.

In short, Metro Louisville government should enthusiastically greet the chance to expand local brewing consciousness by use of the landlord's bully pulpit in venues/events that include, but are not limited to, Slugger Field; Waterfront Wednesday; Iroquois Amphitheater; and Hike, Bike and Paddle.

Who owns it?

This is owned by both the Louisville Metro breweries and the Mayor's Office.

Suggested Timetable

August/September: Planning phase and schedule meetings between the city and distributors. Meet with distributors and Mayor's Office regarding inclusivity of Louisville Metro breweries.

October/November: Look at Spring and Summer 2015 festivals and which events best fit Louisville Metro brewery beers.

Spring/Summer 15: Inclusion of Louisville Metro brewery products in city events and venues.



Louisville Metro Breweries and the ABC

The Work Group proposes that the local breweries and the local government work together in promoting progressive interpretation of malt beverage (i.e. craft beer) regulations— Some local building codes may need to be altered along with state statutes governing malt beverage manufacturing and sale.

The Louisville Metro Government will assist in the acquisition of temporary liquor licenses to expand brewery-sponsored events where local craft beer will be served and sold. This can be achieved by defining events sponsored by local breweries, where craft beer is the focal point, in a written endorsement stating that the events “have a civic benefit and the necessity exists for the controlled sale of alcohol so that they may obtain the Special Temporary License as authorized by the KRS 243.260”.

This recommendation will be successfully executed through cooperation between local breweries wishing to promote craft beer through special events and the Metro Government endorsement of these events. The preceding agreements can be executed immediately.

Details for Recommendations

Local breweries, as well as our fellow brewers in the state, will strive for more progressive interpretation of the Kentucky regulations governing the promotion of craft brewery products, specifically those governing craft beer sampling by a craft brewer and/or other retail entities wishing to promote local craft beer. It is our belief that the consumer will benefit from the option to sample local craft beers at locations other than the plant of production (i.e. retail locations and festival booths).

Local brewers, as well as our fellow brewers throughout Kentucky, will continue to educate the state and local legislature on the value of having craft beer business in the state and local economies, as well as the civic value that each unique and prosperous small business brings to their subsequent communities. The Louisville government can assist in helping make connections in Frankfort between brewers, legislative leaders and regulator agencies. By cooperation of both local and state breweries, as well as the Louisville government, the information flow will be robust and allow

for effective communication to further educate all parties on the civic and economic value of craft beer. The KGB will identify state legislators who will become a champion for craft beer business and will assist in the presentation of the alterations to Kentucky state statutes regarding sampling and other issues hindering the local craft beer industry.

Who owns it?

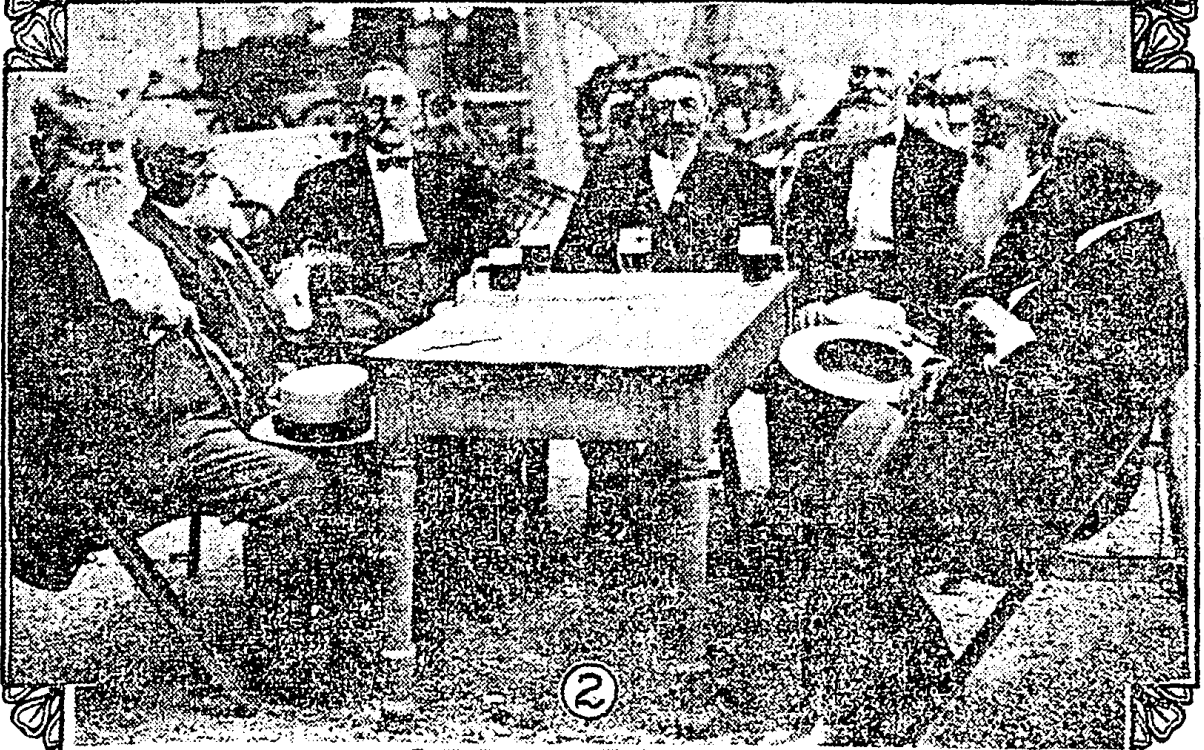
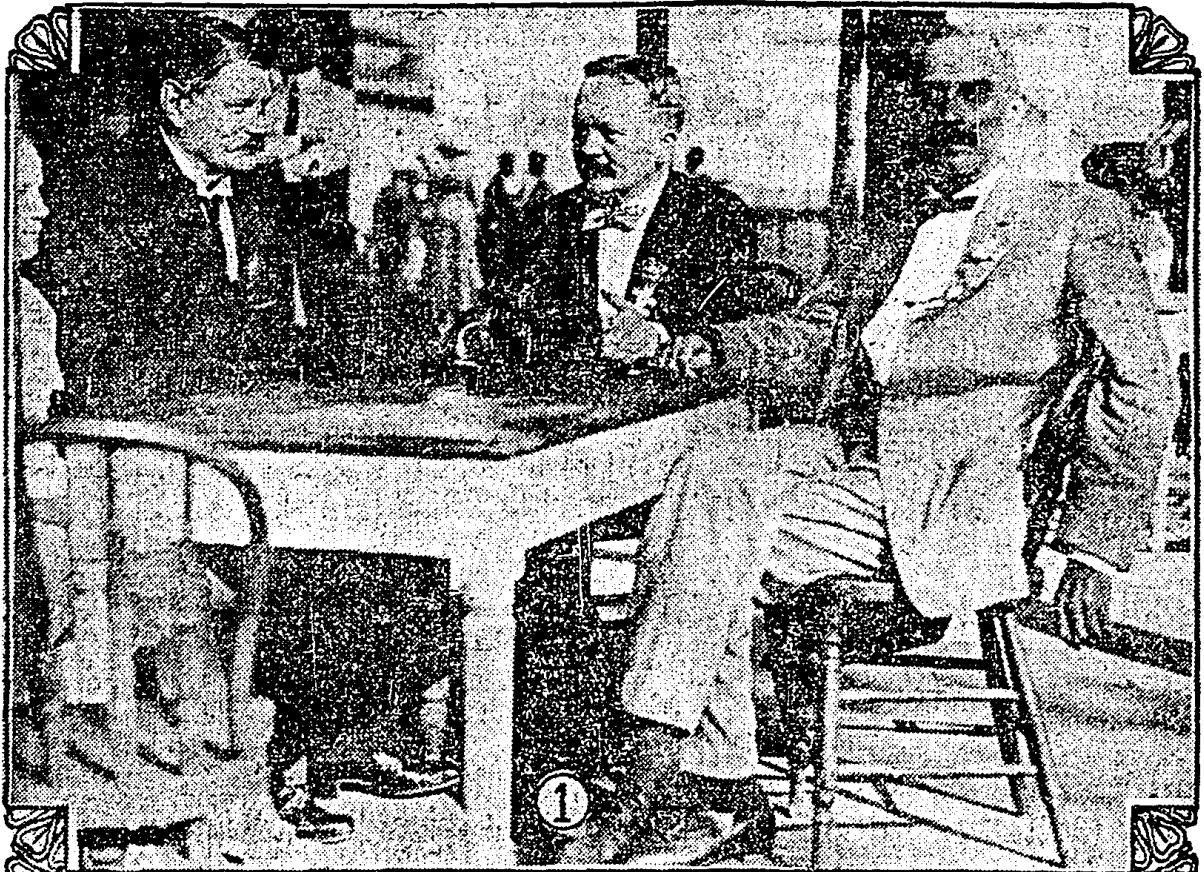
The Louisville Metro Breweries in conjunction with the Mayor's Office are the owners.

Proposed Timetable

August/September: The beer work group will meet with the Mayor's office to discuss the current ABC laws hindering their industry. The Mayor's office will help make connections in Frankfort between the KGB and legislators and regulators.

October/November: Coordination with State Legislators and Local Government and the KGB to attend delegation meetings for the issues at hand.

GERMANS MAKE MERRY AT PHOENIX HILL



Upper Picture (Left to Right)—Judge Henry S. Barker, Carl Wellendorff and Charles Neumeyer.
 Lower Picture (Left to Right)—M. Schenbaechler, 82; Wendel Krotz, 82; Ferdinand Springer, 77; Gottlob Bader, 76;
 George M. Trapp, 79; Peter Keller, 87, and John H. Schmitt, 81.

Barrel-Aged Beer Festival

The Work Group proposes a Barrel-Aged Beer Festival in Winter/Spring 2015 in Louisville. It makes sense that the home of bourbon, with the freshest bourbon barrels on earth, should hold one of the largest barrel-aged beer fests. The initial fest in 2015 would focus on regional/local breweries and 2016 would have a nationwide focus.

The Kentucky Guild of Brewers would work in conjunction with the CVB to promote the festival, work with benefitting hospitality outlets, and market the event to both Kentucky residents and out-of-state beer lovers.



Details concerning Recommendations

The Barrel-Aged Beer Festival (Name TBD) would be a Saturday in the winter/spring of 2015. Beer lovers would have two opportunities to attend this event as it's broken down into two sessions (500 per session) with a break in between.

An allotment of tickets will be reserved for Kentucky residents. Breweries will be given a certain number of tickets for "in-person" purchase only. Remaining tickets will be sold through an online venue.

The festival would preferably be in an indoor venue, but accommodations could be made for an outdoor space. The Kentucky Guild of Brewers will be an established 501c(6) and with assistance from the city, be the entity, which purchases the beer and the festival license, pays the required taxes, and promotion via marketing resources.

It would be beneficial to have The Kentucky Distillers Association supporting this event by creating a partnership with the KGB. This partnership could be in the form of providing barrels for the breweries to

produce the beer in or marketing ventures. It is of vast importance to create a partnership with these distilleries that will last well beyond this event.

The festival will also be a competition among the participating breweries. A panel of judges will vote on certain BJCP (Beer Judge Certification Program) beer styles in regards to wood-aged beers. Winners will receive a trophy representative of Kentucky, its bourbon barrels, and its craft beer heritage. The KGB will work with the CVB to provide accommodations at a discounted rate and provide promotional material and advertising.

The festival will include more than just beer. We will invite local bands to play during the event along with educational sessions. These sessions will be taught by brewers instrumental in the field of barrel-aged beer. Volunteers would be needed to pour the beer, set-up, clean up, etc.

Who owns it?

The Kentucky Guild of Brewers owns this with a marketing partnership with the CVB.

Suggested timetable

August and September: This is when most of the planning and designation will occur. John King of the KGB will be the main contact and organizer of the event. Sam Cruz and Ian Landers will provide contacts with the breweries, logistics, and experience. Once a proposal is finalized and a logo is created, emails will go out to breweries for attendance..

October: Final list of breweries is compiled. John will work with the CVB to discuss marketing and hospitality accommodations.

December: Volunteers are acquired. Blueprint of event layout is created. Local bands are acquired for performing. Local media contacted. Tickets go on sale.

January: Logistics working with distributors for equipment, ice, buckets. Food trucks contacted unless venue is catered.

February: Final details.



Louisville Brewing Heritage

The Work Group believes Louisville has disconnected from its brewing past, leading many today to not realize Louisville was once a nationally recognized brewing hub. Beginning in the mid-1850s, German immigrants relocated here, bringing thousands of years of brewing experience and recipes with them. In Louisville, they found the resources to be similar to those in their homeland, as well as a climate fitting to their beloved beer gardens, and the Louisville brewing boom was on.



At one point in the 1890s, beer production was such that there were as many barrels produced each year as there were residents in the city. Lager beers became extremely popular in Louisville, as did a beer known as common cream beer or common beer. This dark version of a cream ale was actually invented in Louisville and is one of only two beer styles indigenous to the United States.

However, the Temperance movement began to change the nation's views of alcohol, and while beer was touted as the lower-alcohol alternative to whiskey, it too became a victim. Prohibition would stop brewing for nearly a decade and a half, and when Prohibition was repealed only a handful of breweries remained.

The city's remaining breweries forged ahead, however, with Frank Fehr Brewing, Oertel Brewing and Falls City Brewing becoming major brewers by the end of the 1930s. They thrived into the 1950s, when regional competition from Anheuser-Busch, Miller and others began to choke them out. Fehr was the first to close its doors, followed a few years later by Oertel. Falls City managed to last until 1978.

Details for Recommendation

We see four key ways to tie Louisville's current beer culture to its past:

- ***Brive beer gardens for special events.*** Many existing establishments have patios and decks that already somewhat mimic these lush, vibrant gardens that were often equipped with dance halls, ponds, bowling alleys and plenty of foliage.
- ***Revive the celebration of Bock Day,*** an annual spring ritual that lasted here into the early 1900s in which the dark German lager, known as bock, was released city-wide after a winter of aging. Cincinnati still has a yearly bock festival, and the former holiday, which usually coincides with Lent, was hugely popular in Louisville during its brewing boom.
- ***Bring recognition to common beer,*** which is now known as Kentucky Common. It will soon be an internationally-recognized beer style that will become part of sanctioned brewing competitions. Several local breweries have already made modern versions of the beer with much success. Most Louisvillians have no idea that a beer style exists that was invented here.

- **Reconnect with the aforementioned “big three” brands**, which baby boomers and younger beer enthusiasts still fondly remember. This may be somewhat tricky, as all of the brand trademarks are now privately owned, but these breweries – Fehr, Oertel and Falls City – employed so many people in the first half of the 20th century that most people have grandparents or great-grandparents who worked there.

Who owns it?

Kevin Gibson will act as the consultant to help incorporate this element into as many initiatives as is appropriate.

Suggested Timeline

August/September: Planning for the September/October resurfaced event on Main Street by incorporating German beer garden theme elements

October: Resurfaced Event. Planning stages to incorporate local brewing history into future events.

November: Planning stages for Bock Day celebration in either Spring 2015 or 2016.

